

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1446 be amended to read as follows:

- 1 Page 5, between lines 29 and 30, begin a new paragraph and insert:
- 2 "SECTION 8. IC 8-14.6 IS ADDED TO THE INDIANA CODE AS
- 3 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
- 4 2004]
- 5 **ARTICLE 14.6. LEASE FINANCING FOR LOCAL ROAD**
- 6 **PROJECTS**
- 7 **Chapter 1. Legislative Findings of Fact**
- 8 **Sec. 1. The general assembly makes the following findings of**
- 9 **fact:**
- 10 **(1) That there exists in cities, towns, and counties in Indiana**
- 11 **a need for construction, acquisition, reconstruction,**
- 12 **improvement, and extension of local roads in order to provide**
- 13 **for the public welfare and safety by providing safe,**
- 14 **dependable, and reliable local roads for vehicular traffic.**
- 15 **(2) That the development and maintenance of the economy**
- 16 **of Indiana's cities, towns, and counties requires an adequate**
- 17 **system of local roads in order to provide for the public**
- 18 **welfare and to facilitate the creation and maintenance of**
- 19 **jobs, the increase and stabilization of the tax base, and the**
- 20 **general economic welfare of cities, towns, and counties and**
- 21 **their citizens.**

(3) That it is necessary to serve the public interest and to provide for the public welfare by adopting this article for the purposes described in this article.

Sec. 2. This article provides an additional and alternative method for doing the things authorized by this article, and is supplemental and additional to powers conferred by other laws and not in derogation of any other powers.

Sec. 3. This article is necessary for the welfare of the cities, towns, and counties of Indiana and their inhabitants, and shall be liberally construed to effect the purposes of this article.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Authority" refers to the Indiana transportation finance authority established under IC 8-9.5-8-2.

Sec. 3. "Bonds" refers to bonds of the authority issued under IC 8-14.6-6.

Sec. 4. "Capitalized interest" means interest cost on bonds or notes before and during the period of construction of the local road project for which the bonds or notes were issued, and for a period not to exceed one (1) year after completion of construction.

Sec. 5. "Construction" means the construction, acquisition, reconstruction, improvement, and extension of a local road project.

Sec. 6. "Costs" as applied to any local road project includes any item or cost of a capital nature incurred in the construction of a local road project, including:

- (1) the cost of construction;
- (2) the cost of acquisition of all land, rights-of-way, property, rights, easements, and any other legal or equitable interests acquired by the authority for the construction, including the cost of any relocations incident to the acquisition;
- (3) the cost of demolishing or removing any buildings, structures, or improvements on property acquired by the authority, including the cost of:
 - (A) acquiring any property to which the buildings, structures, or improvements may be moved; or
 - (B) acquiring any property that may be exchanged for property acquired by the authority;
- (4) financing charges;
- (5) costs of issuance of bonds or notes, including costs of credit enhancement, such as bond or note insurance;
- (6) remarketing or conversion fees;

- (7) bond or note discount;
- (8) capitalized interest;
- (9) the cost of funding any reserves to secure the payment of bonds or notes;
- (10) engineering and legal expenses, costs of plans, specifications, surveys, estimates, and any necessary feasibility studies;
- (11) other expenses necessary or incident to determining the feasibility or practicability of constructing any local road project;
- (12) administrative expenses of the authority or one (1) or more local units relating to any local road project financed by bonds or notes;
- (13) reimbursement of one (1) or more local units for:
 - (A) any cost, obligation, or expense incurred by the local unit or units relating to a local road project;
 - (B) advances relating to a local road project from the local unit or units to the authority for surveys, borings, preparation of plans and specifications, or engineering services; or
 - (C) any other cost of construction incurred by the local unit or units or paid from advances; and
- (14) other expenses the authority finds necessary or incident to the construction of the local road project, the financing of the construction, and the placing of the local road project in operation.

Sec. 7. "Local road project" means any:

- (1) road;
- (2) street;
- (3) motorway;
- (4) bridge;
- (5) tunnel;
- (6) overpass;
- (7) underpass;
- (8) interchange;
- (9) entrance;
- (10) approach; or
- (11) other public way;

that is part of the arterial road system, local county roads, arterial street system, or local streets for a local unit for purposes of IC 8-14-2. The term includes all land, rights-of-way, property, rights, easements, materials, and legal or equitable interests necessary for the construction of the local road project.

1 **Sec. 8. "Local unit" means a city, town, or county acting**
 2 **through its fiscal body (as defined in IC 36-1-2-6).**

3 **Sec. 9. "Notes" refers to notes of the authority issued under**
 4 **IC 8-14.6-6 and includes any evidences of indebtedness of the**
 5 **authority except bonds.**

6 **Sec. 10. "Property owner" means all individuals,**
 7 **copartnerships, associations, governmental units or entities,**
 8 **corporations, limited liability companies, or other legal entities**
 9 **having any title or interest in any land, rights-of-way, property,**
 10 **rights, easements, or legal or equitable interests that may be**
 11 **acquired by the authority.**

12 **Sec. 11. "Weighted average life" of an issue of bonds or notes**
 13 **means:**

- 14 **(1) the sum of the products of the face amount of each**
 15 **maturity and the number of years to maturity (determined**
 16 **separately for each maturity and by taking into account**
 17 **mandatory sinking fund redemptions); divided by**
 18 **(2) the face amount of the entire issue of bonds or notes.**

19 **Sec. 12. "Weighted average useful life" of a local road project**
 20 **or local road projects means:**

- 21 **(1) the sum of the products of the cost of each asset**
 22 **comprising the local road project or local road projects and**
 23 **the useful life of the respective asset; divided by**
 24 **(2) the total cost of all the assets comprising the local road**
 25 **project or local road projects.**

26 **For purposes of this computation, the useful life of land is fifty**
 27 **(50) years. The useful life of all other assets comprising the local**
 28 **road project shall be conclusively evidenced by a certificate of the**
 29 **local unit, supported by a statement from the local unit's**
 30 **consulting engineer. The weighted average useful life of any local**
 31 **road project shall be determined as of the later of the date on**
 32 **which the local road project is expected to be placed in service and**
 33 **the date on which the bonds or notes are issued.**

34 **Chapter 3. General Provisions**

35 **Sec. 1. The authority shall contract with one (1) or more local**
 36 **units for construction, ownership, maintenance, and operation of**
 37 **local road projects .**

38 **Sec. 2. The authority shall finance local road projects in**
 39 **accordance with this article.**

40 **Sec. 3. The authority may exercise any powers provided under**
 41 **this article in participation or cooperation with any governmental**
 42 **entity and enter into any contracts to facilitate that participation**
 43 **or cooperation without compliance with any other statute. This**

1 article constitutes complete authority for the authority to carry
2 out its powers and duties under this article. No law, procedure,
3 proceedings, publications, notices, consents, approvals, orders, or
4 acts by the authority or any other officer, department, agency, or
5 instrumentality of the state or any political subdivision are
6 required for the authority to carry out its powers and duties,
7 except as prescribed in this article.

8 Sec. 4. The authority may pay the cost of construction of a local
9 road project from any funds available to the authority under this
10 article or any other law.

11 Sec. 5. The authority may sell, transfer, lease, or otherwise
12 convey any land, rights-of-way, property, rights, easements, or
13 legal or equitable interest it considers necessary or convenient for
14 carrying out this article, including disposal of unused or surplus
15 property.

16 Sec. 6. The authority may acquire by purchase, whenever it
17 considers a purchase expedient, any land, rights-of-way, property,
18 rights, easements, or other legal or equitable interests as it
19 considers necessary or convenient for the construction and
20 operation of any local road project. A purchase under this section
21 shall be made upon the terms and at the price agreed upon
22 between the authority and the property owner.

23 Sec. 7. The authority may make and enter into all contracts
24 and agreements necessary or incidental to the performance of its
25 duties and the execution of its powers under this article or any
26 other law. These contracts or agreements are not subject to any
27 approvals other than the approval of the authority and may be for
28 any term of years and contain any terms that are considered
29 reasonable by the authority.

30 Sec. 8. The authority may employ and fix the compensation of
31 financial advisors and underwriters, bond counsel, other attorneys
32 with the approval of the attorney general, and other employees,
33 independent contractors, and agents as necessary in its judgment
34 to carry out this article. The authority is subject to the provisions
35 of 25 IAC 5 concerning equal opportunities for minority business
36 enterprises and women's business enterprises to participate in
37 procurement and contracting processes.

38 Sec. 9. The authority may accept gifts, devises, bequests,
39 grants, appropriations, revenue sharing, other financing and
40 assistance, and any other aid from any source and agree to and
41 comply with conditions attached to the aid.

42 Sec. 10. The authority may accept the transfer of any local road
43 project to the authority.

1 **Sec. 11. (a) Except as provided in subsection (b), the authority**
 2 **may, in the manner provided by IC 8-23-7, acquire by**
 3 **appropriation any land, rights-of-way, property, rights, easements,**
 4 **or other legal or equitable interests necessary or convenient for**
 5 **the construction or the efficient operation of any local road**
 6 **project. However, compensation for the property taken shall first**
 7 **be made in money as provided by law.**

8 **(b) The authority may take or disturb property or facilities**
 9 **that:**

10 **(1) belong to any public utility or to a common carrier**
 11 **engaged in interstate commerce;**

12 **(2) are required for the proper and convenient operation of**
 13 **the public utility or common carrier; and**

14 **(3) are not located within the limits of local road projects**
 15 **being constructed under this article;**

16 **only if provision is made for the restoration, relocation, or**
 17 **duplication of the property or facilities elsewhere at the cost of the**
 18 **authority.**

19 **Sec. 12. The authority may do all things necessary or proper to**
 20 **carry out this article.**

21 **Sec. 13. A local unit may convey, transfer, lease, or sell, with**
 22 **or without consideration, real property of any nature (including**
 23 **buildings, structures, improvements, land, rights-of-way,**
 24 **easements, and legal or equitable interests), title to which is held**
 25 **in the name of the local unit, to the authority, without being**
 26 **required to advertise or solicit bids or proposals, in order to**
 27 **accomplish the governmental purposes of this article.**

28 **Sec. 14. All property of the authority is public property devoted**
 29 **to an essential public and governmental function and purpose and**
 30 **is exempt from all taxes and special assessments of the state or**
 31 **any political subdivision of the state.**

32 **Chapter 4. Contracts With Local Units**

33 **Sec. 1. The authority is responsible for the construction,**
 34 **leasing, and ownership of local road projects. With respect to each**
 35 **local road project, the authority and one (1) or more local units**
 36 **may enter into a contract for the purposes set forth in this**
 37 **chapter. If the authority and the local unit or units decide to enter**
 38 **into a contract under this chapter, the authority and the local unit**
 39 **or units may enter into a separate contract for each local road**
 40 **project or a master contract for several local road projects.**

41 **Sec. 2. A contract under this chapter must:**

42 **(1) provide for the construction and ownership of the local**
 43 **road project; and**

(2) describe the local road project or local road projects, setting forth in general terms principal features such as geographic location, widths of rights-of-way, number of lanes in each direction, width of traffic lanes, widths of shoulders, location and nature of tunnels, overpasses, underpasses, interchanges, bridges, approaches, and connecting roads, streets, and highways.

Sec. 3. The contract may include the following:

(1) Provisions for payment by the authority to the local unit or units of all costs incurred by the local unit or units in the performance of the contracts, including all costs of construction, salaries, wages, and associated costs of personnel attributable to performance of the contract.

(2) Other terms and conditions that the authority and the local unit or units consider appropriate.

Sec. 4. Notwithstanding any other law, a local unit may enter into a contract with the authority by negotiating the contract with the authority and without complying with the requirements of any other law. A local unit shall observe any existing contractual commitments to the holders of bonds or notes or other persons when entering into a contract.

Chapter 5. Leases With Local Units

Sec. 1. (a) In addition to its other powers, one (1) or more local units may enter into a lease or leases with the authority under section 2 or 3 of this chapter for any or all of the purposes set forth in this article. Notwithstanding any other law, a local unit may enter into a lease with the authority by negotiating the lease with the authority and without complying with the requirements of any other law. A local unit shall observe any existing contractual commitments to the holders of bonds or notes or other persons when entering into a lease.

(b) The authority has all the powers necessary and incidental to carry out the terms and conditions of leases under this chapter.

(c) If the authority and one (1) or more local units decide to enter into a lease under this chapter, the authority and the local unit or units may enter into a separate lease for each local road project or may enter into one (1) or more master leases for several local road projects.

Sec. 2. (a) A lease entered into under this section must include the following:

(1) A statement that the term of the lease is for a period coextensive with the biennium used for state budgetary and appropriation purposes with a fractional period when the

1 lease begins, if necessary.

2 (2) A statement that the term of the lease is extended from
3 biennium to biennium, with the extensions not to exceed a
4 lease term of twenty-five (25) years, unless either the
5 authority or the local unit or units give notice of
6 nonextension at least six (6) months before the end of a
7 biennium, in which event the lease expires at the end of the
8 biennium in which the notice is given.

9 (3) A provision plainly stating that the lease does not
10 constitute an indebtedness of the state or any local unit
11 within the meaning or application of any constitutional
12 provision or limitation, and that lease rentals are payable by
13 the local unit or units solely from the sources described in
14 section 6 of this chapter, for the actual use or availability for
15 use of local road projects provided by the authority, with
16 payment commencing no earlier than the time the use or
17 availability commences.

18 (4) Provisions requiring the local unit or units to pay rent at
19 times and in amounts sufficient to pay in full:

20 (A) the debt service payable under the terms of any bonds
21 or notes issued by the authority and outstanding with
22 respect to any local road project, including any required
23 additions to reserves for the bonds or notes maintained by
24 the authority; and

25 (B) additional rent as provided by the lease;

26 subject to the appropriation of money by the local unit or
27 units to pay lease rentals.

28 (5) Provisions requiring the local unit or units to operate and
29 maintain the local road project or local road projects during
30 the term of the lease.

31 (6) A provision in each master lease for two (2) or more local
32 road projects requiring that each local road project added to
33 the master lease shall be covered by a supplemental lease
34 describing the particular local road project, stating the
35 additional rental payable and providing that all lease
36 covenants, including the obligation to pay the original and
37 additional rent under any supplement, shall be unitary and
38 include all local road projects covered, whether by the master
39 lease or a supplemental lease.

40 (b) A lease entered into under this section may contain other
41 terms and conditions that the authority and the local unit or units
42 consider appropriate.

43 (c) The fiscal officer (as defined in IC 36-1-2-7) of the local unit

1 shall request an appropriation from the local unit for payment of
 2 lease rentals on any lease entered into under this section in
 3 writing at a time sufficiently in advance of the date for payment
 4 of the lease rentals so that an appropriation may be made in the
 5 normal budgetary process of the local unit.

6 Sec. 3. (a) A lease entered into under this section must include
 7 the following:

8 (1) The term of the lease, which may not exceed the weighted
 9 average useful life of the local road project or local road
 10 projects.

11 (2) A provision plainly stating that the lease does not
 12 constitute an indebtedness of the state or any local unit
 13 within the meaning or application of any constitutional
 14 provision or limitation, and that lease rentals are payable by
 15 the local unit or units solely for the annual use or availability
 16 for use of local road projects provided by the authority, with
 17 payment commencing not earlier than the time the use or
 18 availability commences.

19 (3) Provisions requiring the local unit or units to pay rent at
 20 times and in amounts sufficient to pay in full the following:

21 (A) The debt service payable under the terms of any bonds
 22 or notes issued by the authority and outstanding with
 23 respect to any local road project, including any required
 24 additions to reserves for the bonds or notes maintained by
 25 the authority.

26 (B) Additional rent as provided by the lease.

27 (4) Provisions requiring the local unit or units to operate and
 28 maintain the local road project or local road projects during
 29 the term of the lease.

30 (5) A provision in each master lease for two (2) or more local
 31 road projects requiring that each local road project added to
 32 the master lease shall be covered by a supplemental lease
 33 describing the particular local road project, stating the
 34 additional rental payable and providing that all lease
 35 covenants, including the obligation to pay the original and
 36 additional rent under any supplement, shall be unitary and
 37 include all local road projects covered, whether by the master
 38 lease or a supplemental lease.

39 (b) A lease entered into under this section may contain other
 40 terms and conditions that the authority and the local unit or units
 41 consider appropriate.

42 Sec. 4. If a local unit fails at any time to pay to the authority
 43 when due any lease rentals on any lease under this chapter, the

1 chairman of the authority shall immediately report the unpaid
2 amount in writing to the general assembly and the governor.

3 Sec. 5. A local unit or units may lease any existing property
4 under its control to the authority for construction of a local road
5 project, which local road project may be leased to the local unit or
6 units.

7 Sec. 6. (a) A local unit shall pay lease rentals for leases entered
8 into under this chapter from federal transportation revenues
9 apportioned or allocated to the state and distributed to the local
10 unit by the Indiana department of transportation.

11 (b) A local unit may, in the manner provided by IC 5-1-14-4,
12 pledge the revenues described in this section for the payment of
13 lease rentals. However, in making a pledge the local unit shall not
14 commit money required to provide adequate funding for other
15 local road needs.

16 Chapter 6. Issuance of Bonds and Notes

17 Sec. 1. Subject to sections 2 and 5 of this chapter, and before
18 July 1, 2007, the authority shall, by resolution, issue and sell
19 bonds or notes of the authority to provide funds to carry out this
20 article with respect to the construction of a local road project or
21 local road projects or the refunding of any bonds or notes,
22 together with any reasonable costs associated with a refunding.

23 Sec. 2. Before the issuance of bonds or notes, the authority
24 must receive the approval of the budget agency.

25 Sec. 3. (a) The construction of a local road project may not be
26 financed under this article, if at the time the lease with respect to
27 the local road project is initially entered into, the weighted
28 average useful life of the local road project is less than five (5)
29 years.

30 (b) For purposes of this section and section 5 of this chapter, a
31 certificate of the local unit, supported by a statement from the
32 local unit's consulting engineer, as to the weighted average useful
33 life of the local road project is conclusive with respect to the
34 matters contained in the certificate.

35 (c) If any bonds or notes bear interest at a variable or
36 adjustable rate, lease rentals under any lease or leases
37 attributable to debt service shall be fixed over the term of the
38 lease or leases based on the fair and reasonable value of the local
39 road project or local road projects leased.

40 Sec. 4. (a) Before issuing a series of bonds or notes, the
41 authority shall publish a notice of its determination to issue the
42 bonds or notes. The notice shall be published:

43 (1) one (1) time in two (2) newspapers published and of

1 general circulation in the city of Indianapolis; and
 2 (2) one (1) time in one (1) newspaper published and of
 3 general circulation in each local unit that proposes to enter
 4 into a lease of the local road projects to be financed by the
 5 bonds or notes.

6 (b) No action to contest the validity of:

7 (1) any contract entered into by one (1) or more local units
 8 and the authority before the bonds or notes are issued;

9 (2) any lease entered into by one (1) or more local units and
 10 the authority before the bonds or notes are issued to secure
 11 a series of bonds or notes; or

12 (3) a series of bonds or notes issued by the authority;

13 may be brought against the authority after the fifteenth day
 14 following publication of the notice required by subsection (a)(1) or
 15 against a local unit after the fifteenth day following publication of
 16 the notice under subsection (a)(2).

17 (c) If a lease or contract is entered into under this chapter after
 18 bonds or notes relating to the lease or contract are issued, the
 19 authority may publish notice of execution of the lease or contract
 20 as set forth in subsection (a). No action against the authority to
 21 contest the validity of such a lease or contract may be brought
 22 after the fifteenth day following publication of the notice under
 23 subsection (a)(1) or against a local unit after the fifteenth day
 24 following publication of the notice under subsection (a)(2).

25 (d) If an action against the authority or a local unit challenging
 26 a lease, a contract, bonds, or notes is not brought within the time
 27 prescribed by this section, the lease, contract, bonds, or notes
 28 shall be conclusively presumed to be fully authorized and valid
 29 under the laws of the state and any person or entity is estopped
 30 from further questioning the authorization, validity, execution,
 31 delivery, or issuance of the contract, lease, bonds, or notes.

32 Sec. 5. (a) The bonds or notes must indicate on their face:

33 (1) the maturity date or dates, as determined under
 34 subsection (b);

35 (2) the interest rate or rates (whether fixed, variable, or a
 36 combination of fixed and variable) or the manner in which
 37 the interest rate or rates will be determined if variable or
 38 adjustable rates are used;

39 (3) registration privileges and place of payment, including
 40 provisions for book entry obligations as set forth in
 41 IC 5-1-15;

42 (4) the conditions and terms under which the bonds or notes
 43 may be redeemed or prepaid before maturity; and

1 (5) the source of payment as set forth in section 10 of this
2 chapter.

3 (b) The weighted average life of the bonds or notes may not
4 exceed the sum of:

5 (1) the weighted average useful life of the local road project
6 or local road projects to be financed from the proceeds of the
7 bonds or notes; plus

8 (2) the period of construction of the local road project or local
9 road projects.

10 **Sec. 6. The bonds or notes:**

11 (1) shall be executed by the manual or facsimile signature of
12 the chairman or vice chairman of the authority;

13 (2) shall be attested by the manual or facsimile signature of
14 the secretary-treasurer or assistant secretary-treasurer of
15 the authority;

16 (3) shall be imprinted or impressed with the seal of the
17 authority by any means;

18 (4) may be authenticated by a trustee, registrar, or paying
19 agent; and

20 (5) constitute valid and binding obligations of the authority,
21 even if the chairman, vice chairman, secretary-treasurer, or
22 assistant secretary-treasurer whose manual or facsimile
23 signature appears on the bonds or notes no longer holds that
24 office.

25 **Sec. 7. The bonds or notes, when issued, have all the qualities**
26 **of negotiable instruments, subject to provisions for registration,**
27 **under IC 26 and are incontestable in the hands of a bona fide**
28 **purchaser or owner of the bonds or notes for value.**

29 **Sec. 8. The bonds or notes may be sold by the authority at a**
30 **public or a negotiated sale at a time or times determined by the**
31 **authority and at a premium or discount as determined by the**
32 **authority. In determining the amount of bonds or notes to be**
33 **issued and sold, the authority may include the costs of**
34 **construction or of refunding bonds or notes, including reasonable**
35 **debt service reserves, and all other expenses necessary or incident**
36 **to the construction of the local road project, a refunding, or the**
37 **issuance of the bonds or notes.**

38 **Sec. 9. The proceeds of the bonds or notes are appropriated for**
39 **the purpose for which the bonds or notes may be issued and the**
40 **proceeds shall be deposited and disbursed in accordance with any**
41 **provisions and restrictions that the authority may provide in the**
42 **resolution or trust agreement authorizing the issuance of the**
43 **bonds or notes. The maturities of the bonds or notes, the rights of**

1 the owners, and the rights, duties, and obligations of the authority
 2 are governed in all respects by this article and the resolution or
 3 trust agreement.

4 **Sec. 10. The bonds or notes:**

- 5 (1) constitute the corporate obligations of the authority;
- 6 (2) do not constitute an indebtedness of the state or any local
 7 unit within the meaning or application of any constitutional
 8 provision or limitation; and
- 9 (3) are payable solely as to both principal and interest from:
 - 10 (A) the revenues from a lease to one (1) or more local
 11 units, if any;
 - 12 (B) proceeds of bonds or notes, if any; or
 - 13 (C) investment earnings on proceeds of bonds or notes.

14 **Sec. 11. The provisions of this article and the covenants and**
 15 **undertakings of the authority as expressed in any proceedings**
 16 **preliminary to or in connection with the issuance of the bonds or**
 17 **notes may be enforced, subject to the provisions of any resolution**
 18 **or trust agreement, by a bond or note owner by action for**
 19 **injunction or mandamus against the authority or any officer,**
 20 **agent, or employee of the authority. However, no action for**
 21 **monetary judgment may be brought against the state for any**
 22 **violations of this article or for payment of the bonds or notes of**
 23 **the authority.**

24 **Sec. 12. All bonds or notes issued under this article are issued**
 25 **by a body corporate and politic of this state, but not a state**
 26 **agency, and for an essential public and governmental purpose. The**
 27 **bonds and notes, the interest on the bonds and notes, the proceeds**
 28 **received by an owner from the sale of the bonds or notes to the**
 29 **extent of the owner's cost of acquisition, proceeds received upon**
 30 **redemption for maturity, proceeds received at maturity, and the**
 31 **receipt of the interest and proceeds are exempt from taxation for**
 32 **all purposes except the financial institutions tax imposed under**
 33 **IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.**

34 **Sec. 13. Notwithstanding any other law, all financial**
 35 **institutions, investment companies, insurance companies,**
 36 **insurance associations, executors, administrators, guardians,**
 37 **trustees, and other fiduciaries may legally invest sinking funds,**
 38 **money, or other funds belonging to them or within their control**
 39 **in bonds or notes issued under this chapter.**

40 **Sec. 14. Bonds or notes issued under this chapter are exempt**
 41 **from the registration requirements of IC 23-2-1 and any other**
 42 **state securities registration statutes.**

43 **Sec. 15. A pledge of lease rentals, proceeds of bonds or notes,**

1 investment earnings on those proceeds, or other money pledged
 2 by the authority is binding from the time the pledge is made.
 3 Lease rentals, proceeds of bonds or notes, investment earnings on
 4 those proceeds, or other money pledged by the authority and
 5 thereafter received by the authority or its trustee or fiduciary is
 6 immediately subject to the lien of the pledge without any further
 7 act, and the lien of the pledge is binding against all parties having
 8 claims of any kind in tort, contract, or otherwise against the
 9 authority, regardless of whether the parties have notice of the
 10 lien. A resolution, trust agreement, or any other instrument by
 11 which a pledge is created is required to be filed or recorded only
 12 in the records of the authority.

13 Sec. 16. The authority may obtain from a department or an
 14 agency of the state or of the United States, or from a
 15 nongovernmental insurer, available insurance or guaranty for the
 16 payment or repayment of interest or principal, or both, or any
 17 part of interest or principal, or any debt service reserve funds, on
 18 bonds or notes issued by the authority, or on securities purchased
 19 or held by the authority.

20 Sec. 17. The authority may enter into agreements with an
 21 entity to provide credit enhancement or liquidity support for any
 22 bonds or notes issued by the authority, or for any debt service
 23 reserves securing any bonds or notes, with terms that are
 24 reasonable and proper, in the discretion of the authority, and not
 25 in violation of law. The authority may execute and deliver notes
 26 to evidence its obligation to make payments under such an
 27 agreement, but these notes must conform to this article in all
 28 respects.

29 Sec. 18. The authority may enter into agreements or contracts
 30 with any financial institution as may be necessary, desirable, or
 31 convenient in the opinion of the authority for rendering services
 32 in connection with:

- 33 (1) the care, custody, or safekeeping of securities or other
- 34 investments held or owned by the authority;
- 35 (2) the payment or collection of amounts payable as to
- 36 principal or interest; and
- 37 (3) the delivery to the authority of securities or other
- 38 investments purchased or sold by it.

39 The authority may also, in connection with any of the services
 40 rendered by a financial institution as to custody and safekeeping
 41 of its securities or investments, require security in the form of
 42 collateral bonds, surety agreements, or security agreements as, in
 43 the opinion of the authority, is necessary or desirable.

1 **Sec. 19. (a) In the discretion of the authority, any bonds and**
 2 **notes issued under this chapter may be secured by a trust**
 3 **agreement by and between the authority and a corporate trustee,**
 4 **which may be any trust company or bank having the powers of a**
 5 **trust company in Indiana. Such a trust agreement may also**
 6 **provide for a cotrustee, which may be any trust company or bank**
 7 **in Indiana or another state.**

8 **(b) The trust agreement or the resolution providing for the**
 9 **issuance of the bonds or notes may contain provisions for**
 10 **protecting and enforcing the rights and remedies of the owners of**
 11 **bonds or notes as may be reasonable and proper, in the discretion**
 12 **of the authority, and not in violation of law.**

13 **(c) The trust agreement or resolution may set forth the rights**
 14 **and remedies of the owners of any bonds or notes of the trustee**
 15 **and may restrict the individual right of action by the owners.**

16 **(d) Any trust agreement or resolution may contain other**
 17 **provisions that the authority considers reasonable and proper for**
 18 **the security of the owners of bonds or notes.**

19 **(e) All expenses incurred in carrying out the provisions of the**
 20 **trust agreement or resolution may be paid from money pledged or**
 21 **assigned to the payment of the principal of and interest on bonds**
 22 **or notes or from any other funds available to the authority.**

23 **Sec. 20. The authority may purchase bonds or notes of the**
 24 **authority out of its funds or money available for the purchase of**
 25 **its own bonds or notes. The authority may hold, cancel, or resell**
 26 **the bonds or notes subject to, and in accordance with, agreements**
 27 **with owners of its bonds or notes. Unless canceled, bonds or notes**
 28 **so held shall be considered to be held for resale or transfer and**
 29 **the obligation evidenced by the bonds or notes shall not be**
 30 **considered to be extinguished.**

31 **Sec. 21. Funds or money held by the authority under any trust**
 32 **agreement or resolution may be invested pending disbursement**
 33 **as provided in the trust agreement or the resolution. Such an**
 34 **investment is not restricted by or subject to the provisions of any**
 35 **other law.**

36 **Chapter 7. Reserve Fund for Bonds and Notes**

37 **Sec. 1. (a) The authority may establish and maintain a reserve**
 38 **fund for each issue of bonds or notes in which there shall be**
 39 **deposited or transferred:**

40 **(1) all money appropriated by the general assembly for the**
 41 **purpose of the fund in accordance with section 3(a) of this**
 42 **chapter;**

43 **(2) all proceeds of bonds or notes required to be deposited in**

the fund under the terms of:

- (A) a contract between the authority and the holders of the bonds or notes; or
- (B) a resolution of the authority with respect to the proceeds of bonds or notes;
- (3) all other money appropriated by the general assembly to a reserve fund; and
- (4) any other money or funds of the authority that it decides to deposit in the fund.

(b) Subject to section 3(b) of this chapter, money in any reserve fund shall be held and applied solely to the payment of the interest on and principal of bonds or notes of the authority as the interest and principal become due and payable and for the retirement of bonds or notes. The money may not be withdrawn if a withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds or notes and the principal of bonds or notes then maturing and payable, whether by reason of maturity or mandatory redemption, for which payments other money of the bank is not then available. As used in this chapter, "required debt service reserve" means, as of the date of computation, the amount required to be on deposit in the reserve fund as provided by resolution or trust agreement of the authority.

(c) Money in any reserve fund that exceeds the required debt service reserve, whether by reason of investment or otherwise, may be withdrawn at any time by the authority and transferred to another fund or account of the authority, subject to the provisions of any agreement with the holders of any bonds or notes.

Sec. 2. For purposes of valuation, investments in the reserve fund shall be valued at par, or if purchased at less than par, at cost unless otherwise provided by resolution or trust agreement of the authority. Valuation on a particular date shall include the amount of interest then earned or accrued to that date on the money or investments in the reserve fund.

Sec. 3. (a) In order to assure the maintenance of the required debt service reserve in any reserve fund, the general assembly may annually appropriate to the authority for deposit in one (1) or more of the funds the sum, certified by the authority to the general assembly, that is necessary to restore one (1) or more of the funds to an amount equal to the required debt service reserve. Before December 1 of each year, the authority shall make and deliver to the general assembly a certificate stating the sum

1 required to restore the funds to that amount. Nothing in this
2 subsection creates a debt or liability of the state to make any
3 appropriation.

4 (b) All amounts received on account of money appropriated by
5 the state to any reserve fund shall be held and applied in
6 accordance with section 1(b) of this chapter. However, at the end
7 of each fiscal year, if the amount in any reserve fund exceeds the
8 required debt service reserve, any amount representing earnings
9 or income received on account of any money appropriated to the
10 reserve fund that exceeds the expenses of the authority for that
11 fiscal year may be transferred to the state general fund.

1 **Sec. 4. Subject to the provisions of any agreement with its**
2 **holders, the bank may combine a reserve fund established for an**
3 **issue of bonds or notes into one (1) or more reserve funds."**

4 Renumber all SECTIONS consecutively.
 (Reference is to HB 1446 as printed January 30, 2004.)

Representative Liggett